

Roll No. ....

**56079**

**MBA 2 Year 4th Semester (N.S.)  
Examination-May, 2015**

**SECURITY ANALYSIS AND PORTFOLIO MGT.**

**Paper : MBA-411**

**Time : 3 hours**

**Max. Marks : 80**

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Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard will be entertained after the examination.

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**Note :** Attempt Question No. 1 (**Compulsory**) from Section-A and **four** questions from Section-B (**one** question from each unit). All questions carry equal marks.

**Section-A**

1. Explain the following :

- (a) Systematic risk
- (b) Difference between investor and speculator
- (c) Security valuation

- (d) Dow theory
- (e) Portfolio
- (f) Arbitrage pricing theory
- (g) Passive strategy
- (h) Variable ratio plan

**Section-B**

**UNIT-I**

- 2. Discuss the motives for and process of investment.
- 3. Returns on security x ( $R_x$  %) for a seven week period are as given below :

Week	1	2	3	4	5	6	7
$R_x$ (%)	5	6	3	1	4	8	10

Find the return and risk of the security.

## Unit-II

4. What are the advantages and disadvantages of investing in bonds ? An 8 year, 12% coupon bond with a par value of Rs. 1,000 is issued. The investor's required rate of return is 14%. Find the present value of the bond if the interest is payable
- (i) annually, and
  - (ii) semi-annually.
5. Which factors are considered in company analysis ? How does this analysis benefit a common investor ?

## Unit-III

6. Returns on two securities x and y  $R_x$  and  $R_y$  are as given below :

$R_x(\%)$	10	12	-8	15	-2	20
$R_y(\%)$	7	8	12	9	6	12

Find the portfolio return and risk if  
 $W_x = 0.4$  and  $W_y = 0.6$

7. What is efficient frontier ? Taking a hypothetical example, explain its construction. How does it help in selecting optional portfolio ?

#### **Unit-IV**

8. Why should a portfolio be revised ? What are the constraints faced in portfolio revision ? Explain using suitable examples.

9. Write notes on :

(a) Constant ratio plan

(b) Active bond strategy